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UNCLAS SECTION 01 OF 02 HANOI 003383

SIPDIS

STATE FOR INL AND EAP/MLS AND EB/TPP/BTA/ANA GOODMAN AND
WICKMAN AND EB/ESC/TFS
STATE PASS USTR ELENA BRYAN AND GREG HICKS
USDOC FOR 4431/MAC/AP/OPB/VLC/HPPHO
TREASURY FOR FINCEN AND OASIA

SENSITIVE

E.O. 12958: N/A

TAGS: [EFIN](#) [KCRM](#) [KTFN](#) [PTER](#) [SNAR](#) [VM](#) [ECON](#) [PREL](#) [PINR](#) [CTERR](#) [FINREF](#) [BTA](#)
SUBJECT: VIETNAM'S ANTI-MONEY LAUNDERING LAW

SENSITIVE - DO NOT POST ON THE INTERNET

REF: A) HANOI 987 B) HANOI 988 C) HANOI 1372 D) HANOI 3358

1. (SBU) Summary: Throughout this year, formal meetings and informal exchanges with officials from the State Bank of Vietnam (SBV), the State Securities Commission, the World Bank, the Australian Transaction Reports and Analysis Center (AUSTRAC), and other international agencies in Hanoi have made clear the GVN is not interested in USG analysis of its Anti-Money Laundering (AML) Decree, which was issued on June 8, 2005 and went into effect on August 1, 2005. Despite the Bilateral Trade Agreement's provisions and a professed interest in obtaining a banking license to allow a Vietnamese bank to set up shop in the United States, the GVN has steadfastly refused to request formal USG review of the Decree. End Summary.

2. (U) Formally known as "Decree 74/2005/ND-CP on Prevention and Combat of Money Laundering," the AML Decree covers acts committed by individuals or organizations to legitimize money or property acquired from criminal activities, and covers the activities of banks and non-banking financial institutions. The SBV and the Ministry of Public Security (MPS) take primary responsibility for both preventing and combating money laundering. The Decree also provides for the establishment of an Anti-Money Laundering Information Center under the SBV. This is the most recent form of AML legislation that the Government of Vietnam (GVN) has issued. It does not cover counterterrorist finance. The GVN has no counterterrorist financing legislation in place, but plans to draft it "at some point in the future," according to Mr. Nguyen Dang Hong, the SBV Deputy Chief Inspector.

3. (SBU) Several conversations with officials from the SBV, the State Securities Commission, the World Bank, the Australian Transaction Reports and Analysis Center (AUSTRAC), and other international agencies in Hanoi have confirmed that the SBV consulted with only one donor, the Asian Development Bank (ADB), when drafting the new AML Decree. ADB paid for a consultant, an Australian named John Broome who previously worked for AUSTRAC, the Australian equivalent of FINCEN, to advise the SBV in its AML efforts. Broome is currently an employee of the National Crime Authority of Australia.

4. (SBU) Despite our many interventions (reftels), the SBV did not heed our advice to also consult with the USG in drafting the AML decree as obligated under our Bilateral Trade Agreement (BTA). Neither did they respond to the point that banking sector liberalization, including the passage of AML legislation that meets international standards, is an important part of integrating with the global economy. The SBV explained their refusal by noting that sharing the draft was contrary to usual practice in Vietnam and that they lacked the authority to do so.

5. (SBU) After the decree went into effect, the SBV did share with FINCEN, and through them the U.S. Treasury Department, a document which, by U.S. standards, is an unofficial English translation. The SBV considers this their "official" translation and says they have no other to provide.

6. (SBU) When Econoff asked SBV Deputy Chief Inspector Hong if the United States could be invited to comment on the Decree's implementing regulations, in draft form, to ensure they are in compliance with the BTA, Hong replied that the GVN "does not need anymore reviews or advice on the AML Decree."

7. (SBU) Despite these exchanges and the fact that the SBV is aware that before any Vietnamese bank can be established in the United States, Vietnam's AML regulations must be reviewed by the Justice and Treasury Departments, the SBV has still not asked the USG to begin this review process. The GVN has, however, raised its interest in having Vietcombank establish a presence in the United States in

several high-level meetings between U.S. and Vietnamese officials.

18. (SBU) While the quality of its AML Decree is still unclear, the weakness of Vietnam's AML law enforcement is very apparent. In addition to Vietnam's underdeveloped financial sector, its large black market economy, weak customs controls and substantial remittances make it an easy place to launder money. Ref D describes the GVN's enforcement problems and the efforts of Post's Drug Enforcement Agency (DEA) in Hanoi to assist them.

19. (SBU) Comment: We are not alone in our frustrating experiences with the SBV. AUSTRAC reports that the SBV is as uncooperative with them as they are with us. Vietnam, said an AUSTRAC official, "is behind Burma in terms of its engagement on AML." AUSTRAC runs a technical assistance program on AML issues for ASEAN member countries. Recent AUSTRAC meetings with AML officers at the SBV have produced few results and little interest in speeding up Vietnam's AML efforts. End comment.

MARINE